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WHO HOLDS POWER IN POST- APARTHEID SOUTH AFRICA?

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Who Holds Power in Post-Apartheid South Africa?

Introduction

The transition from apartheid to democracy in South Africa, marked above all by the election in 1994 of a government led by the African National Congress (ANC) and headed by President Nelson Mandela, represented a milestone not only for South Africa but for Africa generally. The transition meant the end of formal colonial or settler rule in Africa. On one level, the new South African democracy appears robust and substantive. Whilst there has been no turnover in office at the national level, free and fair legislative elections have been held regularly, with a universal franchise and multi-party competition, and there is an independent judiciary, a critical press, and a vigorous civil society. But there are at least two grounds for questioning the quality of the new democracy. First, the strength of the ANC undermines the constitutional separation of powers and the real accountability of the executive to the electorate. Secondly, the ANC is widely accused of having ‘betrayed’ the working-class and poor by adopting neo-liberal policies that serve the interests of capital and therefore represent a continuity from the apartheid era. Whilst there is some merit in each critique, the formal procedures of representative democracy are not inconsequential, and (more importantly) a range of classes and interest-groups besides ‘capital’ wield power, albeit in different ways.

The Route to Representative Democracy

The struggle for a non-racial democracy in South Africa dates back to the very formation of the Union of South Africa – comprising two defeated Boer Republics and two British colonies – in 1910. The former colony of the Cape had, and retained until the 1930s, a franchise defined primarily by property, with a significant minority of African and coloured voters. The Cape franchise was not, however, extended to the other provinces of the new Union. Indeed, racial discrimination and exclusion intensified in the 1930s and then again after the election of the National Party and the enactment of apartheid after 1948. Demands for an end to racial discrimination and exclusion were raised through legal and institutional processes through the first half of the century, before the

turn to direct action in the 1950s and armed struggle in the 1960s. By the end of the 1960s, with the ANC and other 'liberation movements' defeated, internal dissent quelled, and the economy growing rapidly, it appeared that white minority rule was secure.

The very economic growth and change that seemed to sustain apartheid also served to undermine it. The demand for semi-skilled and skilled labour drove the rapid expansion of public education, albeit of racially unequal quality. Despite restrictions on urbanization, the settled urban African population grew steadily. The result was, by the 1980s, an organized African working class and an aspirant African middle class, both of which resented the remaining and severe restrictions on their standard of living and opportunities for upward mobility as well as the denial of political rights. At the same time, rapidly growing numbers of unemployed and landless poor provided a ready constituency for direct action. Militant trade unions combined with resistance in the townships (and some rural areas) to push the apartheid state to limited concessions and, later, negotiations. The ANC was unbanned and Nelson Mandela released in early 1990. Formal negotiations led to agreement over an interim constitution and transitional power-sharing, and then the elections of 1994.

The Institutional Architecture of South African Democracy

The legislature elected in 1994 also served as a constitutional assembly to complete the process of drafting a new constitution. The result, in 1996, was a liberal democratic constitution that rejected consociational power-sharing but set real constraints on executive power. In contrast to the apartheid era, it is the constitution, not parliament, that is sovereign. The constitution provides for a separation of powers between the branches of government: the executive, legislature, judiciary, and a set of independent statutory bodies (established under Chapter 9 of the Constitution) such as the Auditor-General and the Electoral Commission. (The Reserve Bank is independent, but by Act of Parliament, not under the Constitution). The constitution also provides for a separation of powers between different tiers of government, i.e. national, provincial and local government. The third constraint on executive power stems from the inclusion of a Bill of Rights that stipulates not only civil and political freedoms but also socio-economic rights.

But many of the checks and balances have proved ineffective in the face of a generally centralised governing party with overwhelming electoral support. The

constitution provides for a parliamentary system, with a parliament that is elected by the citizenry (the National Assembly by direct election, the National Council of Provinces by the provincial legislatures) and a president who is elected by and is accountable to parliament. Local, provincial and national legislatures are elected separately, and each tier of government enjoys considerable autonomy from the others. There is even an independent Fiscal and Financial Commission to guide the division of government revenues ‘vertically’, between the different tiers, and ‘horizontally’, between the different provinces (and municipalities). But, in practice, the system is more like a hybrid presidential-parliamentary system, and more unitary than federal. The national executive has come to predominate, and the national legislature and sub-national tiers of government have been reduced to minor roles.

The legislature has proved to be the weakest institution of state. It has done little more than pass legislation prepared by the executive and has rarely even tried to hold the executive to account. With very occasional exceptions, primarily during 1996-97, parliamentary portfolio committees play only passive roles. This is largely due to the heavy hand of the ANC, which ‘redeployed’ Members of Parliament (MPs) and was quick to suppress independent action. For example, when the finance committee dared to examine the government’s policy of inflation-targeting in 2000, the entire ANC membership of the committee was summonsed to a personal dressing-down by the president. And when the Standing Committee on Public Accounts began to flex its muscles, the chairman (from the Inkatha Freedom Party) was ousted and the senior ANC member sidelined, ensuring that the committee resumed a quiescent role. Parliament has not been diligent in overseeing executive action. Nor has it been diligent in punishing misconduct among its own members, most notably in the ‘travelgate’ scandal when members of parliament, almost all from the governing party (and probably including very senior members), defrauded parliament with bogus travel claims (Murray and Nijzink 2002; Nijzink and Piombo 2005; February 2006; Calland 2006: ch. 4).

Provincial governments have also failure to use the power accorded to them by the constitution. Whilst the national government and party leaderships might not be able to impose their will on the provinces in all respects, there is no doubt as to where real power lies in terms of policy-making and the allocation of resources.

‘All around the world, critics lament the extent of executive dominance and the tyranny of party discipline in parliament’, note Murray and Nijzink (2002: 133); ‘complaints about the lack of a truly deliberative style of decision-making and weak links between members and the people are equally common.’ But there are specific features of the South African political landscape that accentuate

these problems. The passivity of the South African parliament is due in large part to the combination of the electoral system and the dominance of one party. A system of closed-list proportional representation, with provincial and national lists, serves to concentrate considerable power in the party leaders who control or influence whether someone's name appears high or low on the list. This is true of all parties. But for MPs from the governing ANC, it means that they are deferential to the executive. In 2003, the majority on a multi-party 'Electoral Task Team' recommended the division of the existing nine provincial constituencies into sixty-nine smaller, but still multi-member, constituencies. Three-quarters of the MPs would be elected in these constituencies, and the remaining one quarter proportionally to the parties' total national votes. The governing party rejected the majority recommendation, preferring instead the minority recommendation to retain the status quo (Nijzink and Piombo 2005). At the same time, the fact that the governing party has controlled almost all provinces – and, after 2004, all provinces – as well as the national government allows party discipline to trump the supposed national-provincial separation of powers also.

Given the passivity of legislature and provincial governments, and the inclusion of rights in the constitution, it is unsurprising that the constitutional court has become a prospective player in policy-making. Not all cases coming before the Constitutional Court entail challenges to executive power. The legislature and executive happily hand over to the courts issues such as the abolition of capital punishment and the legalization of abortion, because it is decidedly convenient for the courts to take responsibility for unpopular 'policies'. Other cases have been more inconvenient to the government. The most notable was the case brought by the Treatment Action Campaign (TAC), demanding that the Department of Health treat pregnant women who are HIV-positive so as to reduce the likelihood of the transmission of HIV from mother to child. In general, however, the Constitutional Court has been reluctant to trespass on the policy-making roles of the legislature and executive. In two other cases dealing with socio-economic rights, the court required little of the executive. In *Soobramooney*, the court decided that government was not obliged to provide kidney dialysis, which is very expensive, to a patient with multiple medical problems. In *Grootboom*, the court decided that government was not obliged to provide housing for some homeless people, but it was obliged to have a plan under which it would realize progressively the right to shelter. When a non-government organization challenged in court the political parties' refusal to disclose the sources of their funds, the High Court decided that it was the role of the legislature, not the courts, to make policy on such matters.

The Constitutional Court is itself far from monolithic. There have been important split decisions. Such splits seem to be based in differing

commitments to an executive-led model of social and economic transformation. In perhaps the most important of these cases, the *New Clicks* case concerning state regulation of pharmaceutical prices, the Constitutional Court decided by the narrowest possible majority to overturn the regulations. The dissenting minority were, in contrast, deferential to the executive. The Court's vote had racial overtones, given that all but one of the majority were white, and all of the minority were black (Dyzenhaus 2006).

What the Court has achieved is the partial establishment of a culture of justification. The court may be reluctant to engage in policy-making, but it has required repeatedly that the executive justify its actions, demonstrate their reasonableness, and show that its policies entail progress in the progressive realization of socio-economic rights. This has partially filled the void left by parliament's passivity. But the courts have not stopped the government dragging its heels on the provision of treatment to the AIDS-sick, with the result that the death-toll of a largely treatable disease has moved toward one million.

At the same time as power has become concentrated in the executive branch of government, there has been a centralization of power within the executive itself. The executive comprises the range of departments shaped by the Westminster model: a powerful National Treasury (which includes the former Department of Finance), a set of spending departments (especially Education, Health, Social Development – which is responsible for welfare programmes – and Housing), and the departments concerned with criminal justice, Foreign Affairs, Labour, and so on. In 1994, a separate Ministry of Reconstruction and Development was established, with powers to top-slice the budgets of other departments and allocate these funds to promote development. In the face of considerable and unsurprising opposition from the spending departments, the ministry was abolished in 1996 (Blumenfeld 1997; Nattrass and Seekings 1998). The National Treasury is a 'sort of government within a government', with the Minister of Finance (Trevor Manuel) enjoying an 'almost first-among-equals status in the cabinet' (Calland 2006: 2). The National Treasury's power derives from both its control of multi-year financial planning and Trevor Manuel's personal authority within the ANC.

The greatest concentration of power, however, is in the Presidency itself, after Thabo Mbeki succeeded Nelson Mandela as President in 1999 (Clothia and Jacobs 2002). With ever-growing budget and staff, the Policy Co-ordination and Advisory Services within the Presidency promotes 'better co-ordination and implementation' of policy. It comprises five units, each working with one of the five 'clusters' of ministers in the cabinet, concerned with economics, social services, criminal justice, international relations and intergovernmental relations respectively. There are also five presidential 'working groups' (for big business,

black business, agriculture, education, and religion) and two international advisory groups providing for regular communication between presidential officials and players outside of the state. The President also appoints Director-Generals in all government departments. The power of the presidency means that key advisors or officials within it – especially Mbeki's legal advisor, Mojanku Gumbi, and the head of the PCAS, Joel Netshitenzhe – wield considerable influence (Calland 2006: ch.1).

Technocratic officials clearly wield considerable power in many government departments. Critics of the government's macro-economic policy often point to shadowy officials in the National Treasury, who 'wrote' the GEAR macro-economic strategy in 1996. But technocrats wield power only insofar as Ministers and the President allow them to do so. Several Director-Generals have resigned, retired or been fired after serious disagreements with their Ministers. In some cases, for example the Department of Land Affairs, whole cohorts of officials have been ousted when a new minister decides to change the direction of policy. In Health, reformist officials are unable to effect a progressive AIDS policy in the face of a reactionary minister. If technocrats within the National Treasury have power, it is because the Minister of Finance (and, ultimately, the President) chooses to give it to them.

The reasons for the centralization of power within the executive, and within the Presidency more specifically, remain unclear. The fact that this has gone along with a centralization of power within the ANC and an intolerance by President Mbeki of opposition inside or outside the party, suggests that the president's personality is part of the story. Calland (2006: 41) describes Mbeki as 'a man with a devotion to long-term strategy and an egocentric view of his own epic place in history', and who 'knows his own mind, stubbornly so at times (as on HIV/AIDS)'. But Mbeki's passion for centralized power is rooted in a lifetime spent in exile in an ANC that was wedded to a vanguardist role. A vanguardist conception of armed struggle easily led into a vanguardist conception of political (and economic) management.

Elections, Voters and Parties

Since 1994, the South African government has been formed by the ANC (albeit in the form of a 'government of national unity' in which the ANC has chosen to give a handful of cabinet or deputy-ministerial posts to other parties). The ANC has secured about two-thirds of the total vote in each election, although the relative strength of opposition parties has shifted considerably. The ANC also won control of seven of the nine provinces in the 1994 elections, gained partial control of an eighth in the 1999 elections, and won control of the ninth in 2002

when it lured legislators from other parties to defect to the ANC. The ANC retained control of all nine provinces after the 2004 elections. Overall, South Africa is a 'dominant-party democracy', in which the governing party is largely immune from effective challenge, there is little or no uncertainty about election results, and the electoral system provides for only weak accountability.

In the founding elections, in late April 1994, the ANC won 63 percent of the votes. It increased its share to 66 percent in the second general election in 1999, and to almost 70 percent in the third general election in 2004. But it won fewer votes in both 1999 and 2004 than it had in 1994. Despite the fact that the voting age population had risen by about one-fifth between 1994 and 2004, the total number of votes cast for all parties declined by about one-fifth over the same decade. Elections have been conducted professionally and with little sign of intimidation. Declining turnout is rather due to rising apathy. Despite extra activities to boost voter registration, only 75 percent of the voting age population were registered for the 2004 elections. Only 75 percent of the registered voters cast their votes. This meant that only 58 percent of the voting age population actually voted. This was way down from the 86 percent estimated for the 1994 elections, but in line with the turnout in other dominant-party democracies (Piombo 2005).

Part of the decline in voting is due to declining satisfaction with the performance of government. Thabo Mbeki (president since 1999) has lower performance ratings than his predecessor, Nelson Mandela (president from 1994 to 1999), although Mbeki's ratings edged up somewhat during the 2004 general election campaign. The proportion of survey respondents that approves of the performance of the national government dipped below 50 percent in 2000-01, but rose somewhat thereafter (Mattes 2005; Hartzenberg 2006). The ANC government is probably unique in the world that a majority of the ANC's own declared supporters assess that the government's performance on the most important problem facing the country – unemployment and job creation – has been poor.

Alongside the decline in voting has been a decline in partisan identification, i.e. voters who have a deep-rooted psychological attachment to one or other party. In 1994, in the midst of liberation, levels of partisan identification were very high, but they declined rapidly thereafter. By late 1995, fewer than six out of ten adults said that they identified with or felt 'especially close' to one or other party, and this proportion has changed little since then (Mattes 2005; Hartzenberg 2006). It is certainly possible that the exceptionally high levels of partisan identification found in 1993-94, almost all with the ANC, reflected a short-lived rush of enthusiasm and endorsement rather than a deep-rooted loyalty (Seekings 1997).

Of course, the electorate in 2004 did not comprise the same individuals as the electorate ten years earlier. One in three potential voters in 2004 had been too young to vote in 1994. The emergence of a post-apartheid generation of voters will surely bring some changes in attitudes, but it cannot explain sharp drops in measured identification (such as that between 1994 and 1995). Migration also reshapes the electorate at the provincial and local levels. This is especially important in the Western Cape, where immigration from the ANC-supporting Eastern Cape has swollen the numbers of ANC supporters even faster than the immigration of white middle-class voters from other parts of the country has swollen the numbers of supporters for the rival Democratic Alliance. The ANC's rising share of the vote in the Western Cape (until 2004) seems to have been due more to the changing demographics than to any success by the ANC in converting voters from other parties (Seekings 2006).

The results of the 1994 elections were generally interpreted in racial terms. In its extreme form, elections were dismissed as racial censuses. Some (white) scholars, shocked at the high votes for the ANC, concluded that African voters were not capable of reasoned voting, but were simply voting on the basis of racialised identities and loyalties (see, for example, many chapters in Johnson and Schlemmer 1996). Whilst it was not difficult to rebut extreme forms of this argument (Mattes 1995; Seekings 1997), and Mattes *et al.* (1999) demonstrated that almost all voting behaviour could be explained in terms of partisan identification and issue-voting without any reference to race, it is clear that racialised identities and cultures do play some part in voting behaviour. Among African voters, discontent with the performance of the ANC government does not lead to support for opposition parties. Among white voters, even positive assessments of ANC government will rarely convert into actual votes for the ANC (Friedman 2005). Race is an especially important prism through which some issues and interests are perceived and understood in the multi-cultural Western Cape (Eldridge and Seekings 1996; Seekings 2006).

Identities are not immutable. Whilst race remains important in many aspects of life (Seekings 2007), consciousness of class has grown in importance. Asked in 2003 to identify the biggest division in contemporary South Africa, one in five survey respondents pointed to racial divisions, and a similar proportion said divisions between political parties – but almost one in three pointed to the division between rich and poor. If there is a shift in popular attitudes, it surely reflects in part the readily visible reality of a large, African elite and middle class, and hence of deep inequalities within the African population. It is no longer true that all rich people are white or that all African people are disadvantaged (Seekings and Natrass 2005).

The continuing dominance of the ANC does not mean that there have been no changes in the party political landscape. On the contrary, there has been dramatic change among the opposition political parties, as the National Party (NP) – i.e. the party of apartheid – collapsed and died. In the early 1990s, NP leaders fondly entertained the hope of being able to achieve a majority in a democratic election, through a combination of its own strong support and alliances with conservative parties with support in African areas (such as the Zulu-nationalist Inkatha Freedom Party, based in KwaZulu-Natal). The NP won only 20 percent of the vote, and became the very junior partner to the ANC in the Government of National Unity. In 1996, worried that its participation in government was costing it support, the NP went into opposition. Its support continued to decline, however, and in 1999, the NP – born again as the New National Party (NNP) – was trounced by the resurgent, ‘liberal’ Democratic Party (DP). Desperate, the NNP first joined with the DP as the Democratic Alliance (DA), then in 2001 one part of the NNP split away and entered into an alternative coalition with the ANC. In 2004, the NNP won less than 2 percent of the vote (Schulz-Herzenberg, 2005). Finally, in 2005, the NNP resolved to disband, with most of its remaining leaders being absorbed into the ANC.

The collapse of the NNP was mirrored by the rise of the DP/DA. From less than 2 percent of the vote in 1994, the DP won almost 10 percent in 1999 and the DA won more than 12 percent in 2004. In 2004, the newly-formed Independent Democrats (ID) won some support among coloured, former NNP supporters in Cape Town and elsewhere. However dramatic, the rise of the DP/DA and ID reflected shifts between opposition parties, not success in eroding the ANC’s support. Although the DA espouses a combination of free market economics and pro-poor social policies, it has failed to attract either rich or poor African supporters, and remains the party of South Africa’s racial minorities, i.e. white (English- and Afrikaans-speaking), coloured and Indian voters. It also retains the public support of ‘white’ capital, although it seems that many prudent ‘white’ companies also contribute financially to the ANC.

The demise of the NNP was hastened by ‘floor-crossing’. In order to absorb part of the rump of the NNP, the ANC introduced legislation allowing for MPs to ‘cross the floor’ and join other parties during specified and infrequent windows. In early 2003, floor-crossing gave the ANC the two-thirds majority in Parliament that the electorate had twice denied it. Floor-crossing also brought the ANC shared power in the Western Cape and KwaZulu-Natal, i.e. the only two provinces hitherto run by opposition parties (Nijzink and Piombo 2005: 79-82).

The Political Economy of Neo-liberalism

A narrow analysis of the new institutions of democracy suggests that power lies with the ANC leadership. The predominant interpretation of the political economy of South Africa, however, views the ANC leadership as the mere handmaidens of international and (to a lesser extent) domestic capital. In this view, key ANC leaders in the Mandela government – including, especially, Thabo Mbeki (deputy president), Trevor Manuel (Minister of Trade and Industry from 1994 to 1995, and then Minister of Finance) and Alec Erwin (Manuel's successor at Trade and Industry) – used their powerful positions to ram through business-friendly policies, shifting the ANC from a pro-poor to a pro-business, 'neo-liberal' position, symbolized by the adoption of the Growth, Employment and Redistribution (GEAR) macro-economic strategy in 1996.

This interpretation rests on the disappointment that some on the political left felt when capitalism survived the end of apartheid. For Patrick Bond, the challenge was to understand how a 'popular-nationalist anti-apartheid project' had given way to 'official neoliberalism, by which is meant adherence to free market economic principles, bolstered by the narrowest practical definition of democracy' (2000: 1). Hein Marais (1998) emphasized the 'limits to change', to quote the subtitle of his book. John Saul writes that 'South Africa's dramatic transition to a democratic dispensation ("one person, one vote in a united South Africa") has been twinned with a simultaneous transition towards an ever more sweeping neo-liberal socio-economic dispensation that has negated in practice a great deal of the country's democratic advance' (2002: 28). 'Apartheid did not die' declares the ubiquitous journalist John Pilger, in the title of a chapter on South Africa in his book *Freedom Next Time* (Pilger 2006).

Foreign and domestic business elites certainly wield influence, mostly behind closed doors or on the golf course, away from prying eyes. In office, as both deputy-president and president, Mbeki allegedly gave 'business leaders unprecedented scope to shape government policies' and draws 'heavily on business advice'. Mbeki 'has gathered around him a select group of prominent people, mostly business leaders, divided into five working groups and three councils which he consults on key economic and social issues' The international investment council includes, *inter alia*, the chief executive officers of Unilever, Ashanti Goldfields, Petronas and DaimlerChrysler, as well as the international financier George Soros (Gumede 2002: 201-3). Senior ministers meet regularly with senior South African and foreign businessmen, as of course is the case in any capitalist economy.

But there is a big gap between acknowledging that Mbeki and senior ministers consult with businessmen and claiming that businessmen determine policy-

making. Businessmen, as well as international agencies such as the World Bank and International Monetary Fund, exerted some influence in the early and mid-1990s, shaping a concern over economic stability within the ANC. A series of 'scenario-planning' exercises in the early 1990s alerted the ANC leadership to the perils of economic crisis (Bond 2000: ch. 2). But the fears that led to the adoption of GEAR in 1996 were not unreasonable. President Mandela, when forming his government in 1994, had retained as finance minister the incumbent, who was a former businessman. When the finance minister resigned later in 1994, Mandela appointed a banker as his successor. These choices reflected the ANC's anxiety about jitters among both local and international businessmen. Only in 1996 did Mandela feel confident enough to appoint a black ANC member, Trevor Manuel, as minister of finance. As Hirsch – a former academic economist who ended up working in the presidency under Mbeki – explains, the economy was not only already shrinking (at least in terms of per capita incomes), but it could all too easily shrink yet further. GEAR was 'the result of a number of vectors: unfounded rumours about President Mandela's health; unfounded concerns about the appointment of the first ANC Finance Minister; noisy criticisms of the ANC's economic policies by labour and big business; international uncertainties leading to a teetering rand; the high interest rate policy of the South African Reserve Bank; and what the government belatedly realized was an excessively generous public sector wage settlement'. Above all, the combination of fiscal crisis and a weakening currency required decisive signals about the government's fiscal conservatism and other policies. The ANC, confident that the 'liberation political dividend' would ensure continuing electoral success, felt no need to introduce populist but short-sighted economic policies, and could instead look to growth in the medium-term (Hirsch 2005: 4-6, 66-9).

By the late 1990s, the ANC appeared not so much pro-business as pro-*black* business. ANC political and black business elites are intertwined in the 'new establishment' (Calland 2006: 265). Under Mbeki, the ANC government has promoted energetically 'black economic empowerment' (BEE). The origins of BEE can be traced back to a meeting in 1993 at Mopane Lodge, in the Kruger National Park, where ANC and black business leaders agreed to work together. More importantly, a Black Economic Empowerment Commission was appointed in 1999, headed by ANC heavyweight Cyril Ramaphosa. In a series of speeches, Mbeki defended the government's investment in building a black business elite on the basis that it was part of its commitment to deracialisation. The first major legislation affecting BEE was the 2000 Preferential Procurement Framework Act, which required that government favours tenders from black-owned companies. The 2001 report of the BEE Commission led to further BEE legislation in 2003 and an explicit government strategy. Central to the new strategy was the requirement that existing companies in each sector of the

economy commit themselves to 'charters' specifying targets in terms of BEE deals. A BEE Council would be established, in the President's office, to monitor compliance (Gumede 2002; Hirsch 2005; Gqubule 2006).

'The ANC has firmly established itself as the party of black business, the black middle class and professionals', writes Gumede (2002: 252). The ANC 'will instinctively place the needs of these groups before those of the slum dwellers, unemployed, rural constituents and the youth'. Many members of the new super-rich black elite are ANC insiders. Tokyo Sexwale was premier of Gauteng Province; Cyril Ramaphosa was Mbeki's main rival to succeed Mandela; Patrice Motsepe has never been active in the ANC, but he is linked by marriage to ANC leaders; Mathews Phosa was premier of Mpumalanga Province; Popo Molefe was premier of North-West Province; Saki Macozoma was a prominent ANC spokesperson; Moss Ngoasheng was Mbeki's economic adviser; Wendy Luhabe is the wife of the current ANC premier of Gauteng; and so on. Past and present ANC leaders have business interests; senior state officials know that they can build business careers quickly on leaving state employment; and ANC leaders and state officials live in the same social world as the new black economic elite. The result is an unabashed ideology that what is the promotion of a black business elite is just (on the grounds of deracialising opportunities) *and* what is good for black business is good for South Africa (on a range of grounds, including the social democratic argument that wealth creation provides the resources that can be redistributed to the poor through the government's social expenditure).

The ANC's own ally, the South African Communist Party (SACP), provides a more political interpretation of the political elite's sponsorship of black business. In a May 2006 discussion document, the SACP identified the construction of an 'alliance between emerging black capital and ... state-related technical/managerial strata' as 'a key part of the 1996 GEAR offensive ... against the left'. Because of the highly-developed character of South African capitalism, 'emerging black capital ... is excessively compradorist and parasitic', dependent on state power to compel 'established capital to cut this emerging faction a slice of the action in order to remain in favour' with the new political elite. But the relationship between black capital and the ANC leadership is symbiotic: the latter need the former against more progressive opponents (SACP 2006). It certainly suits the ANC leadership to be able to play off their allies in the trade unions and SACP against their (black) allies in business, weakening both and thereby strengthening the ANC political elite itself. Whether or not this was the intention, it is certainly the outcome.

Working-class Power and the Limits of 'Neoliberalism'

The power of business notwithstanding, arguments about the triumph of neo-liberalism in South Africa misunderstand the nature – and thus seriously underestimate the importance – of working-class power. The power of the organized labour movement is the primary reason why large parts of the GEAR strategy were never implemented. GEAR comprised four major components: fiscal conservatism, trade liberalization, flexible labour market policies, and privatization (of state assets). The budget deficit *was* controlled and trade *was* liberalized (or, more precisely, was further liberalized, given that most liberalization preceded 1996). But labour market policies were *not* reformed, and the promised programme of privatization barely started. These proposed policy reforms were vehemently opposed by the trade unions. The much-vaunted failure of GEAR to achieve its targets in terms of rising investment, job creation and so on, might be attributed to the failure to implement key parts of the strategy as much as to the parts that were in fact implemented.

Gold-mining is one the sectors of the economy to experience massive job losses since the early 1990s. Declining employment is routinely attributed by unions to GEAR. But, as Tshitereke (2006) shows, the decline in mining employment has been part of a series of structural changes which predated or were independent of GEAR. These included technological change, the changing price of gold, the growing difficulties of mining gold, and the rising cost of labour (especially unskilled labour) due to union militancy and pro-union labour policy. GEAR served, in part, as a convenient scapegoat for these other factors. Tshitereke suggests further that the real threat that GEAR posed to the mineworkers' union was the prospect of outsourcing that would undermine the union's organisational basis. The implication is that the macro-economic aspects of GEAR were symbolic, whilst the promised labour market policy reforms were of direct and immediate concern to the union as an organisation.

South Africa has a very strong trade union movement, built on the basis of delivering improved wages and employment conditions to workers. In 2000, the 460 registered trade unions had a total membership of about 3.5 million. Just over one half of these member belong to one or other of the nineteen unions affiliated with the largest and most important trade union federation, the Congress of South African Trade Unions (COSATU). COSATU's affiliates have over 1,800 full-time officials, and the federation has a dedicated parliamentary office and research wing (Webster and Buhlungu 2004). Only 38 percent of trade union members are un- or semi-skilled workers, in sharp contrast to the position in the 1970s when the independent trade union

movement emerged. The median wage of a unionized worker is more than double the median of non-unionized workers. One in three COSATU members is in the public sector: its largest affiliate is still the National Union of Mineworkers, but the next four biggest affiliated unions are all in the public sector. Almost no union member is in the poorest half of the South African population, which comprises instead households with workers in non-unionised sectors (such as domestic work and agriculture) and marginal forms of employment, or who are unemployed (South Africa's unemployment rate standing at about 30 percent or about 40 percent, depending on how it is measured). In the South African context, trade unions are a powerful movement of the non-poor.

The power of the trade unions lies not in their use of industrial protest, but rather in the threat of such action, their entrenched position in union-friendly labour institutions, and, especially, their influence within the ANC. There has been little strike action in post-apartheid South Africa, because there has been little need for it. The high-point of union power was in the mid-1990s, when COSATU secured desired reforms of labour legislation. Institutions and policies designed in the 1920s to protect the interests of skilled, white workers were extended and strengthened in the 1990s to protect the interests of the skilled, black workers that (then) comprised the backbone of COSATU. The 1995 Labour Relations Act provided for centralised bargaining between employers and unions within sectoral 'bargaining councils', procedures for the arbitration and settlement of disputes, and strong restrictions on dismissal by employers. Wages negotiated in bargaining councils can be extended across entire sectors, including to non-participants in the negotiations, by ministerial fiat. The 1997 Basic Conditions of Employment Act provided, *inter alia*, for statutory minimum wages in sectors where workers are not organized, helping further to contain any downward pressure on union members' wages given the scale of unemployment. At much the same time, unions secured favourable industrial policies that emphasized skills, rising productivity and hence rising wages (Nattrass 2001), and public sector workers secured large pay increases (which contributed to the fiscal crisis and GEAR). Unions were central players in the corporatist National Economic, Development and Labour Council (NEDLAC). The unions were also able to veto most of the privatization agenda associated with GEAR.

Employers probably felt too weak to bargain more forcefully. Big business was, in any case, not altogether unhappy with high wages as long as they were accompanied by high productivity and low levels of strike action. Employers responded to this high-wage environment by shedding unskilled labour, and investing in more capital- and skill-intensive technologies. Employers are unhappy with provisions for dismissing workers: By one estimate, it costs

business 1 percent of GDP to dismiss workers each year, and three times the number of work-days are lost through dismissal procedures than through work stoppages. Some of the labour lawyers responsible for drafting the relevant labour legislation have spoken out against the gap between what they intended and what has ensued.¹ Many employers adjust to such costs by reducing still further employment, especially of unskilled workers. The consequence of these policies was that average real wages rose, in part because the demand for unskilled labour declined, whilst the profit share rose. The post-apartheid growth path was good for employers and for those workers who kept their jobs. The losers were workers who lost their jobs and did not find new employment, and the chronically unemployed (Seekings and Nattrass 2005: ch.10).

GEAR had envisaged reforms to labour market policies to render them more flexible and employer-friendly. In 1999, the government initiated a review of labour legislation, but only very minor reforms were implemented. In the same year, the Minister of Labour introduced very minor changes to the regulations affecting small businesses employing less than ten workers. Most recently, in mid-2005, ANC leaders finally declared their intention of tackling the ‘holy cow’ of labour market policy. A discussion document, tabled at a major ANC conference in 2005, proposed excluding small employers from some regulatory requirements and from the sectoral wage deals negotiated between large employers and unions. This was opposed strongly by COSATU and the South African Communist Party, who secured a conference resolution that left labour market reform off the immediate agenda.² The only major reverse to the labour movement has been the government’s sidelining of NEDLAC.

Critics charge that the continued participation of COSATU in an alliance with the ANC is bad for workers. The COSATU leadership is accused of selling out union members and buying into ‘neo-liberal corporatism’ in order to secure marginal influence on economic and social policy-making (see the essays in Bramble and Barchiesi 2003). But participation in the Alliance has led to substantial gains for unionized workers. Webster and Adler understated the case when they wrote that there were moves ‘towards’ a class compromise between capital and labour in South Africa. In important respects, workers achieved a class compromise: workers accepted the capitalist economy in return for real wage increases, constraints on dismissal, and improved conditions at work. In addition, many workers have benefited from changes outside of the workplace since 1994. Many working people live in better housing, with better services, than they did before 1994. Their children have better opportunities to complete high school or even study further. Many are very aware that their lives are much better than they were under apartheid, and much better than their parents’ lives. For this, relatively privileged section of the ‘working class’, labour-market reforms, deracialization and improved service delivery represent good reasons to

support the ANC, and to continue to support COSATU's alliance with the ANC. If COSATU was to leave the Alliance with the ANC, it would not take all (or perhaps even most) of its members with it, would probably prompt the establishment of a rival, pro-ANC federation, and would risk losing the capacity to veto reforms of labour-market policy or privatization.

In post-apartheid South Africa, the power of capital and labour cannot be measured in terms of strikes or lock-outs or their consequences. Nor should power simply be measured in terms of trends in wages and profits, although these are important indicators. Power, rather, should be understood primarily in terms of the working of the institutions and procedures within or through which wages are determined and employment is regulated. The power of the organized working-class in the mid-1990s resulted in the reform of institutions and procedures that favoured high wages and favourable conditions of employment for union members, i.e. the 'insiders' in the formal labour market. Even when the apparent power of the unions and organized working-class diminished in the late 1990s and early 2000s, the class remained capable of vetoing explicit policy shifts. Capital, in contrast, had to learn to live with a second-best labour policy environment in the 1990s and to accept BEE in the 2000s. Its power lies not in any direct veto over such policies, but in its capacity to adapt to the new environment by withholding investment.

Having remained within the ANC Alliance, COSATU's influence rose again in the mid-2000s amidst struggles within the ANC over who should succeed Mbeki as president. The organizational power of the left, within both COSATU and the SACP means that the left punches above its weight. Few candidates for the succession are going to risk alienating important and organized constituencies. Most candidates are likely, instead, to court these constituencies through fresh promises.

The State

Critics of neo-liberalism portray the post-apartheid state as a neo-liberal state, committed to rolling back its own reach and extending markets wherever possible. The energetic embrace of trade liberalization in the early 1990s provided some evidence for this, and the GEAR wish-list provided more. The sidelining of NEDLAC suggests that the state should not be seen as a corporatist state, and the presence of (black) businessmen and women in the 'new establishment' certainly indicates that this is not a worker's state. But there is too much evidence of active state intervention in the economy, and more specifically of the subversion of markets, to suggest that the state can be viewed as neo-liberal.

The government itself denies that it has abandoned interventions in the market. Since 2004, it refers to its attempts to build a ‘developmental’ state. The government was at pains to emphasize that growth and development would not simply be left to market forces. The state would play an active and interventionist role – as has states in parts of East and South-east Asia. Throughout the late 1990s, the Department of Trade and Industry tried to develop pro-active industrial policies, and in the 2000s this developmental role extended to state investments in infrastructure (Southall 2006). The rhetoric of a ‘developmental’ state probably appealed to some ANC leaders because of their vanguardist approach to the armed struggle in the 1970s and 1980s, and to others who were grappling with the meaning of communism or socialism in a post-Soviet world. But the reality of the South African state was very different to the models of the ‘developmental’ states of East and South-east Asia. The post-apartheid state has weak links with existing, ‘white’ capital, quite unlike the links that characterized the developmental states of East Asia. The relationship between state and capital has many adversarial features, including the imposition on capital of the state’s agenda of racial transformation. New ‘black’ capital is too dependent on both the state and established capital for it to develop a meaningful economic partnership with the state. The state might be vanguardist, imposing transformation on capital, but it is not yet a developmental state, pushing and pulling capital in developmental directions.

‘Development’ was a key component of the ANC’s ‘Reconstruction and Development Programme’, which began life as the party’s manifesto in the 1994 elections. The other ingredient in the manifesto was ‘reconstruction’ and, implicitly, redistribution. The ANC has consistently trumpeted its concern with redistribution as well as growth, although little thought was put into the redistributive side of the picture. *Redistribution* really meant distribution that was more *just*, i.e. the working poor should be paid more (through minimum wage legislation etc), public schools and clinics should be improved, and so on. But the state inherited a functional and highly effective set of redistributive social welfare programmes that, together, meant that the South African state was, *inter alia*, a welfare state. Between 1993-94 and the mid-2000s, the share of GDP being redistributed to the poor through non-contributory social assistance programmes rose from about 2 percent to about 3.6 percent. Old-age pensions remained the largest single programme, but child support grants cost about 1 percent of GDP and disability grants – many paid to AIDS-sick people – cost almost this. In total, more than ten million grants were paid monthly, in a country with just 45 million people (Seekings 2007b).

Key ANC leaders were for a long time deeply ambivalent about the welfare state that they inherited. The first phase of proposed welfare reforms in the late 1990s entailed a shift from grants to ‘developmental’ welfare. These reforms

were not effected. But ANC leaders continued to denounce ‘handouts’ to the poor. The government was said to be spending ‘too much’ on social assistance, and any movement towards a ‘welfare state’ should be resisted. In this, the post-apartheid state has adopted the discourse of the late-apartheid state. Poverty reduction should focus on employment creation – including, in the short-term, public works programmes – rather than welfare programmes. But the failure to deliver job creation or even significant numbers of job ‘opportunities’ on public works programmes resulted in the government reluctantly embracing welfare. Government ministers now take pride in what Mbeki has called the ‘third pillar’ of the government’s strategy. The first pillar is the promotion of ‘the growth and development of the First Economy’; the second is addressing ‘the challenges of the Second Economy’ (i.e. unemployment and the informal economy). The third pillar comprises ‘building a social security net to meet the objective of poverty alleviation’. It is important to note the absence of any serious mention of land reform. In South Africa, the safety net for the poor comprises cash transfers, not access to land.

The South African state is a modern state in other respects also. It includes an unusually efficient tax office (the South African Revenue Service). It also regulates employment relationships, as we have seen already, through legislation such as the Labour Relations Act. This combination of pro-union employment regulation, welfare programmes, and moderate, pro-business developmentalism invite comparison with social democratic states of the global North. Indeed, Hirsch argues that ‘the ANC government followed a consistent economic philosophy’.

At the centre is a social democratic approach to social reform – it is the state’s job to underwrite the improvement in the quality of life of the poor and to reduce inequalities, but with a firmly entrenched fear of the risks of personal dependency on the state and of the emergence of entitlement attitudes. The state exists within a market economy that depends on private investment, and therefore a successful state creates an environment that supports high levels of private investment. This does not require the state simply to step aside for business, but rather that it should work with business and labour to develop growth-oriented strategies. (Hirsch 2005: 3)

Whilst broadly persuasive, this interpretation requires a number of qualifications. First, the state is in some important respects, distinctly non-modern. In the early 2000s, the ANC-led government legislated the transfer of powers to unelected chiefs, including over the allocation of land. It did so without regard for regional differences, i.e. as if all chiefs enjoyed equal legitimacy. In some areas, including Xhalinga in the Eastern Cape, chiefs did not control the land and did not enjoy either power or legitimacy prior to

apartheid; the apartheid state sought to impose chiefs, but this was thwarted by popular resistance. The democratic state's policies on reviving chieftainship and 'retribalisation', driven by the ANC's bid for the support of chiefs and traditionalists, have compromised democracy (Ntsebeza 2005), and are clearly antithetical to a meaningfully social democratic worldview.

Secondly, what does social democracy mean in a developing country context like South Africa, especially one in which there is a massive surplus of labour? Unemployment drives poverty, and the welfare state provides no direct protection against unemployment. In this context, a social democratic approach would surely require either massive efforts in terms of low-wage job creation or the extension of the welfare state to cover those who are unable to work because there are no jobs for them. The South African state has not tackled either of these challenges (Seekings and Nattrass 2005). Nor has it tackled the land question, abandoning a commitment to pro-poor land reform (peasantisation) in favour of fostering a class of black 'commercial', i.e. large-scale, farmers (Ntsebeza and Hall 2006).

Thirdly, the state is not homogeneous and monolithic. The Department of Labour, headed by a former trade union leader and staffed primarily by former unionists, is an active advocate of the interests of trade unions, and cannot be viewed as a pro-business institution. The Department of Education was, during the first decade of democracy, largely unwilling to challenge the South African Democratic Teachers' Union (SADTU). Only in 2005-06 did the minister and senior officials begin to confront the challenge of bringing teachers – many of whom are incompetent – to account. The National Treasury is obviously concerned with macro-economic stability, but is not nearly as hostile to redistributive programmes as left critics imagine, as long as redistribution is efficient in terms of reaching the poor and is not hijacked by special interests (such as public sector workers). Whilst the Department of Labour is broadly hostile to labour market policy reform, the National Treasury is broadly in favour.

A Pluralist Analysis of the State and Ruling Party

The complexity of the state mirrors, and is in part rooted in, the diverse and heterogeneous character of the ANC. Lodge compares the ANC to the Congress Party of India: both parties are, essentially, coalitions, and different factions are linked to or influenced by groups in the broader society. Old 'white' businesses, new 'black' businesses and organized labour all exert influence through

different factions and mechanisms. Overall, Lodge concluded in 2002, 'no single movement is dominant' (2002: 31).

The power of different social groups has changed over time, however, and can take different forms. The early 2000s appear to have seen the growing influence of black businessmen and women within the ANC, and the decline in trade union influence. BEE has moved to the centre of state policy. Corruption, especially over the award of state contracts in the name of BEE, is pervasive (Cameron 2006). Much of the ANC leadership is preoccupied with sharing in the opportunities for rapid financial enrichment through BEE. It is not surprising that critics wonder whether their enthusiasm for sharing in these opportunities might have led political elites to enact the policies that create these very opportunities. No other social group has the pervasive influence of the aspirant black bourgeoisie. It might be unclear how important was financial self-interest in the original adoption of BEE policies, relative to other objectives such as general Africanisation or the stabilization of capitalism in a racially-charged environment. But it is clear that the political elite is too entangled in capitalism now either to allow too much power to anti-capitalist critics on its left or to go too far down the Zimbabwean route of undermining capitalist production itself.

Trade unions retain power, but in specific forms. In terms of policy-making, their power lies primarily in inhibiting undesirable changes to the status quo. Trade unions have mobilized effectively against labour market policy reform and against reforms of the public sector (especially in education – Seekings 2004). Their mobilization is, revealingly, within the ANC Alliance rather than in the street or workplace. The competition over who would succeed Thabo Mbeki as president of South Africa after the 2009 elections reveals the great investment that unions are making in ANC politics.

Some social groups enjoy little power, outside or within the ANC. The rural and urban poor lack organizational muscle, and the electoral system effectively denies them the power to hold elected representatives to account. Life expectancy has fallen drastically, because of AIDS and the government's foot-dragging response; inequality has worsened; unemployment has risen; and poverty worsened in the late 1990s before (probably) declining somewhat in the early 2000s. The poor have not got land, jobs, good health, or good education for their children. They have received more redistribution through welfare programmes, and improved (and subsidized) services such as water and electricity (especially in urban areas). Rising expenditure on welfare is the major reason why poverty probably declined slightly in the early 2000s. But even this needs to be put into perspective: the ANC has not introduced any major new welfare programmes, but rather has introduced minor (but important)

reforms to a system of welfare programmes that was substantially in place not only prior to democracy, but prior to apartheid. And the real value of the old-age pension, the primary pillar of the welfare state, has still not reached its level of mid-1993, prior to the transition to democracy (Seekings 2007b).

The emergence of ‘new social movements’ might be seen as the demand by the poor and excluded for a place at the table (see Ballard *et al.* 2006). Whilst some of the most important movements (the trade unions and the Treatment Action Campaign) have assiduously maintained their loyalty to the ANC whilst criticizing specific policies, others have united in a coalition that is explicitly hostile to the ANC government (and has therefore been dubbed by the ANC as ‘ultra-left’). Their demands focus on access to urban land, housing and services. Recurrent episodes of direct action in townships around the country give the impression of breadth and depth to the movement. Yet, when movement leaders have contested local elections, they have almost always performed poorly. Their support base seems to be fickle and shallow, and the ANC is likely to be able to contain dissent through judicious concessions on access to and the affordability of urban land, housing and services.

In the late 1990s, Webster and Adler (1999) suggested that South Africa was moving ‘towards’ a class compromise, between capital and labour. The capitalist system remained, and capitalists even secured some neo-liberal policies, but with powerful safeguards of workers’ rights and higher wages. This formulation neglected the role of the welfare state in redistributing to the poor. A more appropriate formulation seemed to be that of a double class compromise, with the poor benefiting from redistribution through the budget, and the prospect of job creation. This might have reflected the electoral power of the poor (Nattrass and Seekings 2001). A closer inspection of some of the gains for the poor revealed that they were driven, in part, by the self-interest of public sector unions, suggesting that the class compromise was less inclusive (Seekings 2004). Developments in the early 2000s demand further modifications to the class compromise story. Unions, specifically COSATU, continue to exert influence within the ANC Alliance. But the rising social group is clearly black business. Insofar as the South African policy regime has social democratic characteristics, these are combined with distinctly reactionary concessions to chiefs in rural areas, Africanist elements in terms of both chiefs and BEE, and a neglect of the interests of the unemployed. In struggles between established business, new black business, and trade unions, and with chiefs demanding benefits too, the poor are likely to continue to be trampled underfoot.

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Endnotes

¹ *Financial Mail*, 18 February 2005, pp.34-35; 4 March 2005, p.26.

² *Financial Mail*, 1 July 2005, pp.18-20.